



State of Utah

Department of  
Natural Resources

Division of  
Oil, Gas & Mining

ROBERT L. MORGAN  
*Executive Director*

LOWELL P. BRAXTON  
*Division Director*

OLENE S. WALKER  
*Governor*

GAYLE F. McKEACHNIE  
*Lieutenant Governor*

March 18, 2004

John Labate  
Summo USA Corporation  
1776 Lincoln Street, Suite 900  
Denver, Colorado 80203

Subject: Changing Cash Reclamation Surety to a Certificate of Deposit, Summo USA Corp, Lisbon Valley Copper Project, M/037/088, San Juan County, Utah

Dear Mr. Labate:

We have now received the \$12,100 check from the State Treasurers office which was posted as a cash reclamation surety bond for your Lisbon Valley Copper Project mine site. We are prepared to deposit the check into your account at Wells Fargo Bank; this deposit should be in place by early next week.

Enclosed is a CD cover letter which you need to sign and then take the cover letter to your bank and have them issue the \$12,100 CD listing you as the owner of the CD, but for the benefit of the State of Utah, Division of Oil, Gas and Mining, the USDOl, Bureau of Land Management, and the School and Institutional Trust Lands Administration for the Lisbon Valley Copper Mine, M/037/088. I have enclosed a sample certificate that was made out by Wells Fargo Bank as a guideline for the bank to make out the certificate.

When the CD is completed, have the bank place the CD number on the 1<sup>st</sup> page of the cover letter, then return the original CD and original cover letter to us. We will then have the other signatures affixed and return a copy of the executed documents to you for your records.

Thank you for your help and patience in all this. It turned into quite an ordeal for all of us. If you have any further questions on this, please contact me at (801) 538-5291.

Sincerely,

Joelle Burns  
Engineering Tech

Enclosure: CD cover letter & example CD

cc: Denice Swanke, Moab BLM  
Will Stokes, SITLA

O:\M037-SanJuan\M0370088-LisbonValley-Summo\Final\CD-ltr-03182004.doc



OLENE S. WALKER  
*Governor*  
GAYLE F. McKEACHNIE  
*Lieutenant Governor*

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

### Division of Oil, Gas & Mining

ROBERT L. MORGAN  
*Executive Director*

LOWELL P. BRAXTON  
*Division Director*

March 18, 2004

Wells Fargo Bank  
1050 17<sup>th</sup> Street  
Denver, Colorado 80265  
(303) 899-4604

Attention: Tom Monroe, Retail Banker

Subject: Reclamation Surety, Certificate of Deposit for the Lisbon Valley Copper Project Mine Site,  
M/037/088, San Juan County, Utah  
Certificate of Deposit no. \_\_\_\_\_; Principal Amount \$12,100.00

This letter describes the mutually agreed upon instructions of the below signed parties to Wells Fargo Bank ("Bank"), regarding the control, redemption, and release of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation funds for the Lisbon Valley Copper Project mine site ("Mine Site"), San Juan County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$12,100.00 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining ("Division") and the USDO, Bureau of Land Management ("BLM") and the School and Institutional Trust Lands Administration ("SITLA") upon demand in the event that the operator of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

**Ownership and Renewal:**

Ownership of the CD is retained by Lisbon Valley Mining Co., LLC, a Utah limited liability corporation, ("Owner"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining, USDO, BLM and SITLA and is subject to the terms and conditions described in this agreement. The CD shall automatically renew indefinitely until either redeemed or released by the Director of the Division and the authorized officer of USDO, BLM and SITLA.

**Redemption:**

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of the Director of the Utah Division of Oil, Gas & Mining, the authorized officer of USDO, BLM and SITLA to the Bank. Upon the instruction and demand of the Director, the authorized officer of USDO, BLM, and SITLA, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil, Gas and Mining. Owner agrees and irrevocably instructs Bank that neither the Owner, nor any other person claiming an ownership interest in the CD which is derived from the Owner, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners control, or if Owner does not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division, the authorized officer of USDO, BLM and SITLA may redeem the CD.

**Release:**

The bank shall release the CD only upon the written instruction of the Director of the Division, the authorized officer of USDO, BLM and SITLA to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owner, or their legal successors-in-interest.

**Accrued Interest:**

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner as the Owner may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$12,100.00. All tax liabilities for accrued interest shall remain the sole responsibility of the Owner.

**Bank will not be held liable for any dispute between the parties.**

Agreed Upon By:

**Utah Division of Oil, Gas & Mining**

By: \_\_\_\_\_  
Lowell P. Braxton, Director

Date: \_\_\_\_\_

**Bureau of Land Management**

By: \_\_\_\_\_  
Robert Lopez, Branch Chief of Minerals Adjudication

Date: \_\_\_\_\_

**School and Institutional Trust Lands Administration**

By: \_\_\_\_\_  
Kevin Carter, Director

Date: \_\_\_\_\_

**Lisbon Valley Mining Co, LLC**

**By: Summo USA Corporation, Manager**

By: \_\_\_\_\_  
John Labate, VP Finance  
Tax ID Number: 84-1242662

Date: \_\_\_\_\_

**Wells Fargo Bank**

By: \_\_\_\_\_  
Tom Monroe, Retail Banker

Date: \_\_\_\_\_

RECEIVED

FEB 26 2004

DIV. OF OIL, GAS &amp; MINING

WELLS  
FARGOTime Account  
Receipt/Disclosure

m/001/

Bank name

Wells Fargo Bank, N.A.

Time Account number

Date opened

02/26/2004

Term of Time Account

60 months days

Maturity date

Your Time Account will mature on

02/26/2009

Interest rate

3.15

Fixed rate

X

Variable rate

Annual percentage yield

3.20

Interest will be paid

EVERY 03 MONTHS AND AT WITHDRAWAL

The method of interest payment will be

BY ADDING TO PRINCIPAL

Renewal ability

YOU WILL AUTOMATICALLY RENEW MY TIME ACCOUNT

AT MATURITY UNLESS I NOTIFY YOU OTHERWISE.

The Bank is opening the above described Time Account for your deposit of

SEVENTY FOUR THOUSAND NINE HUNDRED FORTY ONE AND 0/100

\$ 74,941.00

Your name and address

FOR THE BENEFIT OF THE STATE OF UTAH DIVISION OF OIL GAS & MINING  
U.S DEPT OF INTERIOR -BLM & UT SCHOOL AND INSTITUTIONAL  
TRUST LANDS ADMIN- OWNER

COMPANY-

MINE M/001/

operator's address

02/26/2004 10:14

U0176 02865 Bank# 00119

This is a receipt. It need not be presented at the time you obtain payment from the Bank.

W60166

Time Account  
Receipt/DisclosureWELLS  
FARGO

Bank name

Wells Fargo Bank, N.A.

Time Account number

Date opened

02/26/2004

Term of Time Account

60 months days

Maturity date

Your Time Account will mature on

02/26/2009

Interest rate

3.15

Fixed rate

X

Variable rate

Annual percentage yield

3.20

Interest will be paid

EVERY 03 MONTHS AND AT WITHDRAWAL

The method of interest payment will be

BY ADDING TO PRINCIPAL

Renewal ability

YOU WILL AUTOMATICALLY RENEW MY TIME ACCOUNT

AT MATURITY UNLESS I NOTIFY YOU OTHERWISE.

The Bank is opening the above described Time Account for your deposit of

SEVENTY FOUR THOUSAND NINE HUNDRED FORTY ONE AND 0/100

\$ 74,941.00

Your name and address

FOR THE BENEFIT OF THE STATE OF UTAH DIVISION OF OIL GAS & MINING  
U.S DEPT OF INTERIOR -BLM & UT SCHOOL AND INSTITUTIONAL  
TRUST LANDS ADMIN- OWNER

COMPANY-

MINE M/001/

operator's address

02/26/2004 10:14

U0176 02865 Bank# 00119

This is a receipt. It need not be presented at the time you obtain payment from the Bank.

W60166

RECON PLUS - Credit - Certificates In Process

COL: 119 UT

Wells Fargo Bank

APPROVER